

CITY OF WALKER, LOUISIANA
AUDITED FINANCIAL STATEMENTS
DECEMBER 31, 2018

**CITY OF WALKER
WALKER, LOUISIANA**

**AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

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**CITY OF WALKER
WALKER, LOUISIANA**

AUDITED FINANCIAL STATEMENTS
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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, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the City of Walker's December 31, 2017 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 25, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2017 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.

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 June 24, 2019, 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 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 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
June 24, 2019

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, 2018. 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 \$30,173,504.
- Increase in total net position of \$2,523,171 (9.13%) over 2017, with a three-year increase of 60.19%.
- Net capital assets increased to \$23,400,126.
- Increase in net capital assets of \$1,077,342 (4.83%) over 2017, with a three-year increase of 39.60%.

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, 2018. The City’s net position at December 31, 2018 increased 9.13% to \$30,173,504, with a 4.83% 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, 2018 with comparative totals for 2017.

City of Walker
Condensed Statement of Net Position
For the Year Ended December 31, 2018

	Governmental Activities	Business-Type Activities	Totals 2018	Totals 2017
ASSETS				
Current and Other Assets	\$ 4,719,096	\$ 11,363,223	\$ 16,082,319	\$ 14,802,086
Restricted Assets	6,533,562	1,149,237	7,682,799	1,112,689
Capital Assets	7,756,283	15,643,843	23,400,126	22,322,784
Total Assets	<u>19,008,941</u>	<u>28,156,303</u>	<u>47,165,244</u>	<u>38,237,559</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Amount on Refunding	71,909	490,340	562,249	579,554
Deferred Outflows - Related to Pensions	509,765	-	509,765	614,367
Total Deferred Outflows of Resources	<u>581,674</u>	<u>490,340</u>	<u>1,072,014</u>	<u>1,193,921</u>
LIABILITIES				
Current Liabilities	550,412	1,476,059	2,026,471	2,403,279
Long-Term Liabilities	8,375,280	5,135,580	13,510,860	6,858,419
Net Pension Liability	2,370,298	-	2,370,298	2,500,180
Total Liabilities	<u>11,295,990</u>	<u>6,611,639</u>	<u>17,907,629</u>	<u>11,761,878</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred Inflows - Related to Pensions	156,125	-	156,125	19,269
NET POSITION				
Net Investment in Capital Assets	6,025,875	10,596,621	16,622,496	15,691,839
Restricted	6,533,562	322,410	6,855,972	311,009
Unrestricted (Deficit)	(4,420,937)	11,115,973	6,695,036	11,647,485
Total Net Position	<u>\$ 8,138,500</u>	<u>\$ 22,035,004</u>	<u>\$ 30,173,504</u>	<u>\$ 27,650,333</u>

The Statement of Activities for 2018 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 2018 were \$17,482,349, with \$11,998,295 derived from program revenues and grants; \$5,181,541 from sales, franchise, and property taxes, occupational licenses, and permits; and the remaining \$302,513 from other miscellaneous income. Total expenses for the City in 2018 were \$14,959,178, leaving a \$2,523,171 increase in net position.

The table below reflects the condensed Statement of Activities for the year ended December 31, 2018 with comparative totals for 2017.

City of Walker
Condensed Statement of Activities
For the Year Ended December 31, 2018

	Governmental Activities	Business-Type Activities	Totals 2018	Totals 2017
Revenues:				
Program Revenues:				
Charges for Services	\$ 1,199,383	\$ 9,939,790	\$ 11,139,173	\$ 9,925,924
Operating Grants and Contributions	384,854	-	384,854	207,511
Capital Grants and Contributions	358,079	116,189	474,268	2,331,713
General Revenues:				
Taxes	5,181,541	-	5,181,541	5,282,938
Other Grants and Contributions not Restricted to Specific Programs	16,773	-	16,773	13,861
Interest and Investment Income	55,816	130,455	186,271	144,266
Net Gain on Disposition of Capital Assets	13,056	-	13,056	10,698
Miscellaneous Income	63,817	22,596	86,413	68,984
Total Revenues	7,273,319	10,209,030	17,482,349	17,985,895
Expenses:				
General Government	2,285,102	-	2,285,102	1,894,765
Public Safety	3,099,064	-	3,099,064	2,874,140
Highways and Streets	1,511,007	-	1,511,007	1,783,340
Parks and Recreation	439,961	-	439,961	359,872
Bond Issuance Costs	250,515	-	250,515	-
Interest on Long-Term Debt	37,318	-	37,318	45,199
Gas	-	3,845,443	3,845,443	3,360,446
Water	-	1,578,060	1,578,060	1,394,242
Sewer	-	1,538,450	1,538,450	1,583,221
Sanitation	-	374,258	374,258	371,215
Total Expenses	7,622,967	7,336,211	14,959,178	13,666,440
Change in Net Position before Transfers	(349,648)	2,872,819	2,523,171	4,319,455
Transfers In (Out)	2,752,300	(2,752,300)	-	-
Increase in Net Position	2,402,652	120,519	2,523,171	4,319,455
Net Position - Beginning of Year	5,735,848	21,914,485	27,650,333	23,330,878
Net Position - End of Year	\$ 8,138,500	\$ 22,035,004	\$ 30,173,504	\$ 27,650,333

Governmental activities. Governmental activities net position increased \$2,402,652 (41.89%). Total revenues before transfers increased \$245,965 (3.50%). Total expenses increased \$665,651 (9.57%) attributed in large part to bond issuance costs associated to the construction of the new city hall. General Government expenses also increased due to the creation of a special projects and maintenance department.

Business-type activities. Business-type activities net position increased \$102,519. Change in net position before transfers was \$2,872,819. Improvements and additions to utility services during 2018 included:

- Our Lady of the Lake water well
- Industrial Park Road Phase III – Extension
- Widening of gas lines along Hwy 190

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 \$10,534,600, an increase of \$8,045,992, of which \$6,500,000 is committed for construction of a new city hall complex. The general fund, which is the chief operating fund of the City, reported \$3,032,646 in a deficiency of revenues over expenditures before other financing sources (uses). The transfer of \$3,700,000 from the gas department, a transfer of \$315,669 from the ½ cent sales tax fund, proceeds from issuance of long term debt of \$7,158,446, and \$52,774 proceeds from disposition of capital assets resulted in a net increase in fund balance of \$8,194,243. The 2000 ½ cent sales tax fund reported \$1,115,118 in excess revenues over expenditures; and a \$148,251 net decrease 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 \$947,700 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 before contributions and transfers of \$2,749,750. Operating income for the gas, water and sanitation departments were \$3,057,448, \$189,193 and \$28,359, respectively. Operations of the sewer department resulted in a loss of \$525,250; however, \$947,700 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, 2018 was \$23,400,126. 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 \$1,598,476 with depreciation expense of \$434,472 and business-type activities capital assets increased by \$726,184 but with depreciation expense of \$812,846. Total increase in the net investment in capital assets for 2018 amounted to \$1,077,342. 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, 2018, the City had total debt outstanding of \$13,510,860, an increase of \$6,652,441 (97%) from prior year. A breakdown of the long-term debt is as follows:

- 2009 Utility Revenue Bonds (maturing January 1, 2020) having an outstanding balance of \$350,000, with \$276,000 payable from the ½ Cent Sales Tax Fund and \$74,000 payable from the Enterprise Fund.
- 2016 Revenue Refunding Bonds (maturing October 1, 2027) having an outstanding balance of \$4,550,000, with \$583,000 payable from the ½ Cent Sales Tax Fund and \$3,967,000 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 \$6,775,000.
- 2010 Utility Revenue Bonds (maturing October 1, 2029) having an outstanding balance of \$230,000.
- 2011 Utility Revenue Bonds (maturing October 1, 2030) having an outstanding balance of \$429,764.
- Capital Leases having an outstanding balance of \$754,879.
- Compensated absences total \$233,455 with \$145,097 payable from the General Fund and \$88,358 payable from the Enterprise Fund.

Additional information on the City's long-term debt can be found in note 12 on pages 58-66.

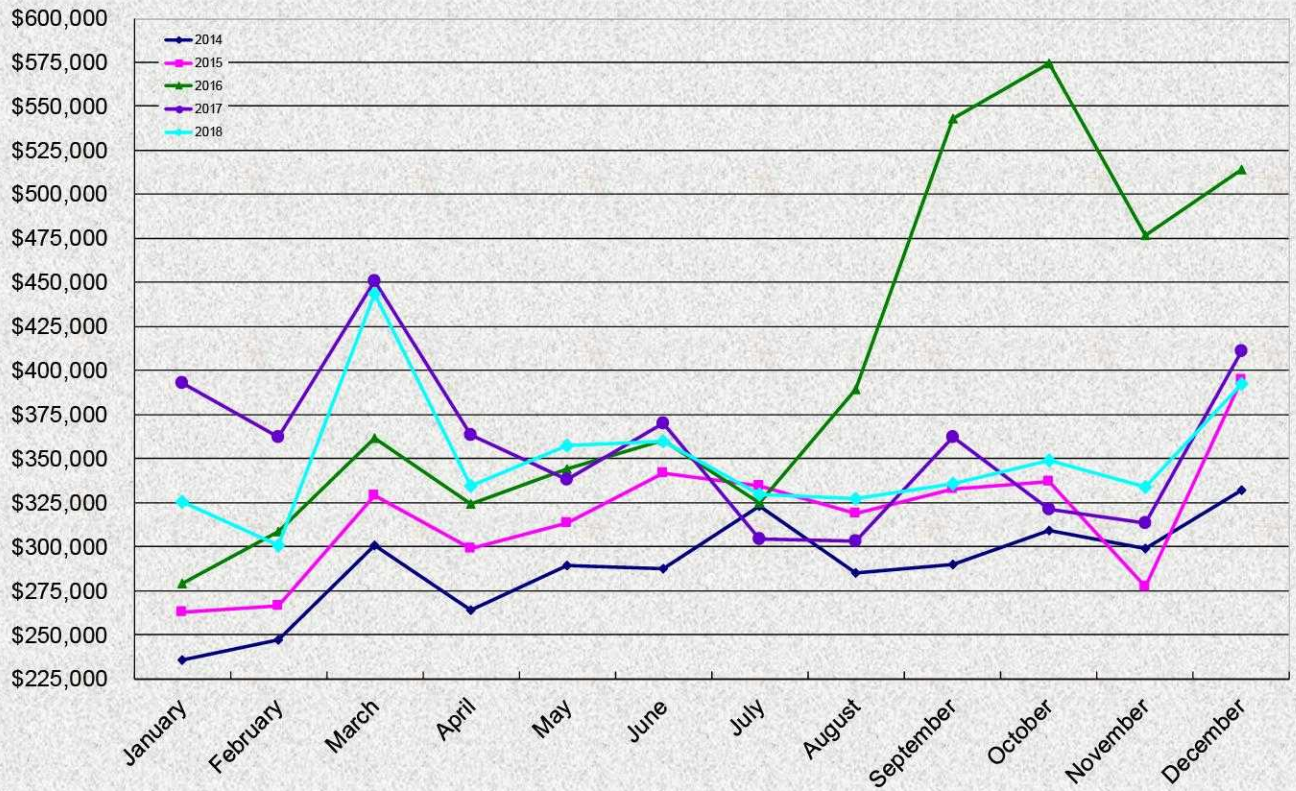
Future Budget and Economic Outlook

Walker continues to be committed to the long-term task of upgrading infrastructure. Improvements completed in 2018 include gas system line expansions along Hwy 190 and Juban Rd. The water department will be making water line improvements along Walker North from Hwy 190 to Molly Melissa Dr. The City will also be upgrading water meters throughout its water system in 2019. The sewer department in 2019 will continue to install backflow preventers on all city grinder pumps to alleviate possible sewer backups into homes. The city finished construction of the multi-year Industrial Park Phase III road extension project in 2018 as well as the sidewalks along Ball Park Rd. In addition to infrastructure improvements, the city plans to have additional improvements done to the baseball ballpark in 2019. The 1.1 mile paved walking path at Sidney Hutchinson Park was completed in 2018. The City is also looking to complete the dog park near the future community center at Sidney Hutchinson Park. This 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.

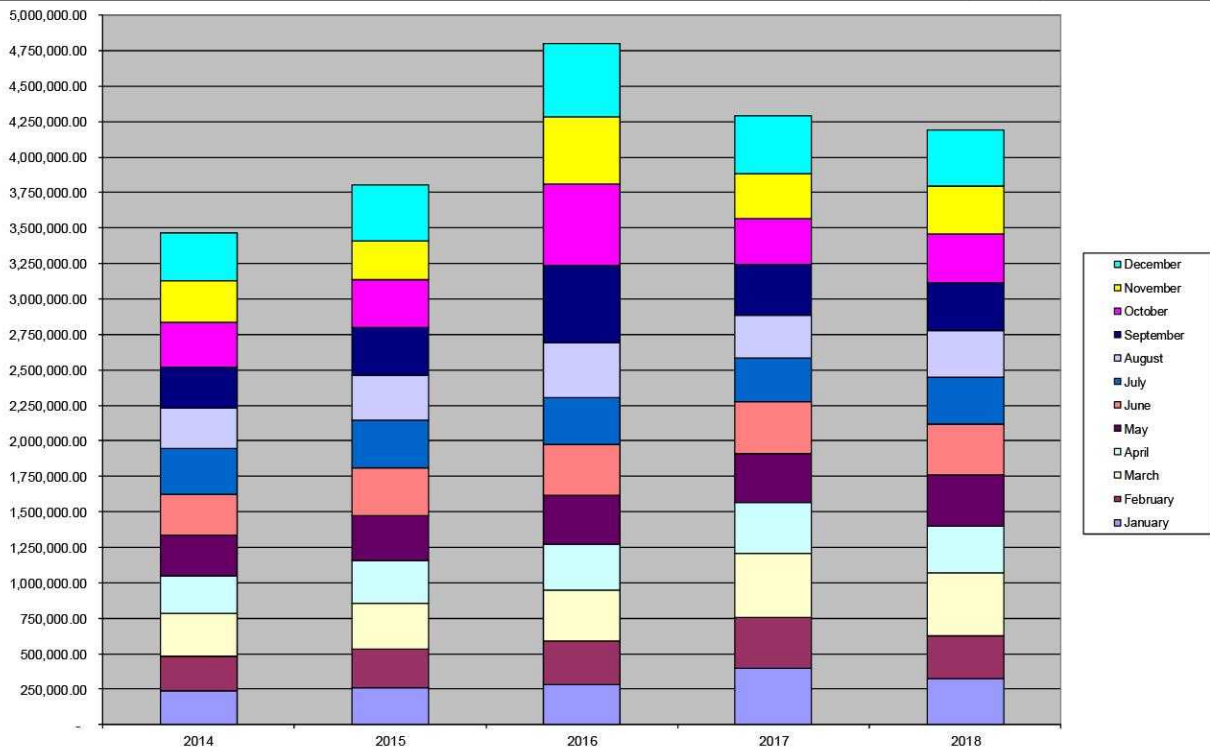
Walker continues to welcome enterprise and entrepreneurship. Scheduled to open in 2019 are Raising Cane's, Sherwin Williams, ABC Insurance Agencies, Ideal Maintenance, Bayou Equipment Services and Walker-Hill Environmental. The City is working with Retail Strategies, a Birmingham, Alabama firm to actively recruit national restaurant, hotel and retail chains to the city.

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 2.42% decrease over 2017. This decrease was due from the inflated sales taxes that were still being recorded in early 2017 from the August 2016 flooding event. The 2019 budget reflects a slight decrease from 2018 sales tax revenues.

CITY OF WALKER GROSS MONTHLY SALES TAX



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, 2018

(WITH COMPARATIVE TOTALS AS OF DECEMBER 31, 2017)

	Governmental Activities	Business-Type Activities	2018	2017
ASSETS				
Cash and Cash Equivalents	\$ 3,314,458	\$ 9,045,481	\$ 12,359,939	\$ 10,974,833
Investments	332,426	-	332,426	326,134
Receivables, Net	237,168	1,707,033	1,944,201	1,937,798
Due from Other Governments	961,812	42,037	1,003,849	1,187,329
Internal Balances	(228,670)	228,670	-	-
Inventories	-	255,639	255,639	221,458
Prepaid Items	101,902	84,363	186,265	154,534
Restricted Assets:				
Cash and Cash Equivalents	6,533,562	354,453	6,888,015	343,052
Investments	-	794,784	794,784	769,637
Capital Assets:				
Land and Construction in Progress	2,407,058	1,007,059	3,414,117	6,972,031
Other Capital Assets, Net of Accumulated Depreciation	5,349,225	14,636,784	19,986,009	15,350,753
Total Assets	<u>19,008,941</u>	<u>28,156,303</u>	<u>47,165,244</u>	<u>38,237,559</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Amount on Refunding	71,909	490,340	562,249	579,554
Deferred Outflows - Related to Pensions	509,765	-	509,765	614,367
Total Deferred Outflows of Resources	<u>581,674</u>	<u>490,340</u>	<u>1,072,014</u>	<u>1,193,921</u>
LIABILITIES				
Accounts Payable and Accrued Expenses	542,999	1,444,016	1,987,015	2,359,155
Accrued Interest Payable	7,413	32,043	39,456	44,124
Non-Current Liabilities:				
Due Within One Year	587,462	336,891	924,353	719,514
Due in More Than One Year	7,787,818	4,798,689	12,586,507	6,138,905
Net Pension Liability	2,370,298	-	2,370,298	2,500,180
Total Liabilities	<u>11,295,990</u>	<u>6,611,639</u>	<u>17,907,629</u>	<u>11,761,878</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred Inflows - Related to Pensions	156,125	-	156,125	19,269
NET POSITION				
Net Investment in Capital Assets	6,025,875	10,596,621	16,622,496	15,691,839
Restricted for				
City Hall Construction	6,500,000	-	6,500,000	-
Debt Service	33,562	322,410	355,972	311,009
Unrestricted (Deficit)	(4,420,937)	11,115,973	6,695,036	11,647,485
Total Net Position	<u>\$ 8,138,500</u>	<u>\$ 22,035,004</u>	<u>\$ 30,173,504</u>	<u>\$ 27,650,333</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, 2018

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2017)

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	2018	2017
Primary Government:								
Governmental Activities:								
General Government	\$ 2,285,102	\$ -	\$ 165,399	\$ -	\$ (2,119,703)	\$ -	\$ (2,119,703)	\$ (1,883,289)
Public Safety	3,099,064	1,098,570	219,455	954	(1,780,085)	-	(1,780,085)	(1,829,226)
Highways and Streets	1,511,007	8,850	-	157,125	(1,345,032)	-	(1,345,032)	(1,272,365)
Parks and Recreation	439,961	91,963	-	200,000	(147,998)	-	(147,998)	(292,743)
Bond Issuance Costs	250,515	-	-	-	(250,515)	-	(250,515)	-
Interest on Long-Term Debt	37,318	-	-	-	(37,318)	-	(37,318)	(45,199)
Total Governmental Activities	7,622,967	1,199,383	384,854	358,079	(5,680,651)	-	(5,680,651)	(5,322,822)
Business-Type Activities:								
Gas	3,845,443	6,809,806	-	-	-	2,964,363	2,964,363	2,530,680
Water	1,578,060	1,734,349	-	60,336	-	216,625	216,625	1,994,438
Sewer	1,538,450	993,018	-	55,853	-	(489,579)	(489,579)	(414,330)
Sanitation	374,258	402,617	-	-	-	28,359	28,359	10,742
Total Business-Type Activities	7,336,211	9,939,790	-	116,189	-	2,719,768	2,719,768	4,121,530
Total Primary Government	\$ 14,959,178	\$ 11,139,173	\$ 384,854	\$ 474,268	(5,680,651)	2,719,768	(2,960,883)	(1,201,292)
General Revenues:								
Taxes:								
Property					134,102	-	134,102	126,068
Sales					4,187,848	-	4,187,848	4,291,882
Occupational and Permits					450,727	-	450,727	474,906
Franchise					408,864	-	408,864	390,082
Other Grants and Contributions not Restricted to Specific Programs								
Transfers					16,773	-	16,773	13,861
Interest and Investment Income					2,752,300	(2,752,300)	-	-
Net Gain on Disposition of Capital Assets					55,816	130,455	186,271	144,266
Miscellaneous Income					13,056	-	13,056	10,698
					63,817	22,596	86,413	68,984
Total General Revenues					8,083,303	(2,599,249)	5,484,054	5,520,747
Change in Net Position					2,402,652	120,519	2,523,171	4,319,455
Net Position - Beginning of Year					5,735,848	21,914,485	27,650,333	23,330,878
Net Position - End of Year					\$ 8,138,500	\$ 22,035,004	\$ 30,173,504	\$ 27,650,333

The accompanying notes are an integral part of this statement.

FUND FINANCIAL STATEMENTS

CITY OF WALKER
BALANCE SHEET
GOVERNMENTAL FUNDS

DECEMBER 31, 2018

(WITH COMPARATIVE TOTALS AS OF DECEMBER 31, 2017)

	General	2000 1/2 Cent	Total	
		Sales Tax Fund	2018	2017
ASSETS				
Cash and Cash Equivalents	\$ 714,340	\$ 2,600,118	\$ 3,314,458	\$ 3,221,958
Investments	332,426	-	332,426	326,134
Receivables:				
Ad Valorem Taxes, Net	68,419	-	68,419	37,089
Other	168,749	-	168,749	169,332
Due from Other Funds	369,911	-	369,911	-
Due from Other Governments	723,552	238,260	961,812	1,140,117
Cash - Restricted	6,533,562	-	6,533,562	-
Total Assets	\$ 8,910,959	\$ 2,838,378	\$ 11,749,337	\$ 4,894,630
LIABILITIES				
Accounts Payable	\$ 268,037	\$ -	\$ 268,037	\$ 821,959
Payroll Liabilities	151,355	-	151,355	143,552
Accrued Salaries and Wages	123,607	-	123,607	110,400
Due to Other Funds	-	598,581	598,581	1,330,111
Total Liabilities	542,999	598,581	1,141,580	2,406,022
DEFERRED INFLOWS OF RESOURCES				
Deferred Inflows of Resources -				
Unavailable Intergovernmental Revenues	\$ 73,157	\$ -	\$ 73,157	\$ -
FUND BALANCES				
Fund Balances:				
Restricted For:				
Debt Service	33,562	-	33,562	-
City Hall Construction	6,500,000	-	6,500,000	-
Committed For:				
Construction Contracts	1,761,241	-	1,761,241	48,613
Assigned To:				
Special Revenue Fund	-	2,239,797	2,239,797	2,388,048
Unassigned:				
General Fund	-	-	-	51,947
Total Fund Balances	8,294,803	2,239,797	10,534,600	2,488,608
Total Liabilities and Fund Balances	\$ 8,910,959	\$ 2,838,378	\$ 11,749,337	\$ 4,894,630

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, 2018

(WITH COMPARATIVE TOTALS AS OF DECEMBER 31, 2017)

	<u>2018</u>	<u>2017</u>
Fund Balances - Total Governmental Funds	\$ 10,534,600	\$ 2,488,608
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	12,268,881	10,709,293
Less Accumulated Depreciation	<u>(4,512,598)</u>	<u>(4,117,014)</u>
	7,756,283	6,592,279
Prepaid Items	101,902	72,999
Long-Term Liabilities are not Due and Payable in the Current Period and therefore are not Reported in the Governmental Funds:		
Net Pension Liability	(2,370,298)	(2,500,180)
General Obligation Bonds	(7,637,689)	(1,150,994)
Deferred Amount on Refunding	71,909	71,909
Compensated Absences Payable	(145,097)	(129,928)
Capital Lease Payable	(592,494)	(291,862)
Accrued Interest Payable	<u>(7,413)</u>	<u>(12,081)</u>
	(10,681,082)	(4,013,136)
Deferred Inflows of Resources - Unavailable Intergovernmental Revenues are not Reported in Governmental Funds	73,157	-
Deferred Outflows of Resources Related to Pensions are not Reported in Governmental Funds	509,765	614,367
Deferred Inflows of Resources Related to Pensions are not Reported in Governmental Funds	<u>(156,125)</u>	<u>(19,269)</u>
Net Position of Governmental Activities	<u>\$ 8,138,500</u>	<u>\$ 5,735,848</u>

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, 2018

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2017)

	General	2000	Total	
		1/2 Cent Sales Tax Fund	Governmental Funds	
			2018	2017
Revenues:				
Taxes	\$ 3,351,622	\$ 1,395,965	\$ 4,747,587	\$ 4,821,893
Licenses and Permits	450,727	-	450,727	474,906
Fines and Forfeits	1,051,106	-	1,051,106	810,984
Interest	18,300	37,516	55,816	51,284
Fees	122,129	-	122,129	117,077
Intergovernmental	605,648	-	605,648	628,431
Miscellaneous	98,770	-	98,770	57,410
Total Revenues	5,698,302	1,433,481	7,131,783	6,961,985
Expenditures:				
Current:				
General Government	2,186,520	23,135	2,209,655	1,803,415
Public Safety	2,800,002	-	2,800,002	2,601,487
Highways and Streets	1,362,047	-	1,362,047	1,654,419
Parks and Recreation	375,793	-	375,793	296,732
Capital Outlay	1,638,194	-	1,638,194	1,661,428
Debt Service:				
Bond Issuance Costs	250,515	-	250,515	-
Principal Retirement	106,119	265,000	371,119	340,130
Interest and Administration Fees	11,758	30,228	41,986	45,942
Total Expenditures	8,730,948	318,363	9,049,311	8,403,553
Excess (Deficiency) of Revenues over Expenditures	(3,032,646)	1,115,118	(1,917,528)	(1,441,568)
Other Financing Sources (Uses):				
Transfers In	4,015,669	-	4,015,669	1,015,669
Transfer Out	-	(1,263,369)	(1,263,369)	(826,170)
Proceeds from Capital Asset Disposition	52,774	-	52,774	10,699
Proceeds from Issuance of Long Term Debt	7,158,446	-	7,158,446	174,000
Total Other Financing Sources (Uses)	11,226,889	(1,263,369)	9,963,520	374,198
Net Change in Fund Balances	8,194,243	(148,251)	8,045,992	(1,067,370)
Fund Balances at Beginning of Year	100,560	2,388,048	2,488,608	3,555,978
Fund Balances at End of Year	\$ 8,294,803	\$ 2,239,797	\$ 10,534,600	\$ 2,488,608

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, 2018

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2017)

	<u>2018</u>	<u>2017</u>
Net Change in Fund Balances - Total Governmental Funds	\$ 8,045,992	\$ (1,067,370)
Amounts Reported for Governmental Activities in the Statement of Activities are Different Because:		
Deferred Inflows of Resources - Unavailable Intergovernmental Revenues	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	1,638,194	1,661,428
Depreciation Expense and Accumulated Depreciation on Transfers In	<u>(434,472)</u>	<u>(401,231)</u>
	1,203,722	1,260,197
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	38,888	111,919
Less Cost Basis of Capital Assets Retired During the Year	<u>(78,606)</u>	<u>(111,919)</u>
	(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	28,903	10,644
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	(7,158,446)	(174,000)
Repayment of Principal on Long-Term Debt	371,119	340,130
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	(15,169)	17,567
(Increase) Decrease in Pension Expense	(166,898)	(183,043)
(Increase) Decrease in Accrued Interest Payable	4,668	743
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.	<u>55,322</u>	<u>54,670</u>
Change in Net Position of Governmental Activities	<u>\$ 2,402,652</u>	<u>\$ 259,538</u>

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, 2018

	Original Budgeted Amounts	Final Budgeted Amounts	Actual	Variance With Final Budget
Revenues				
Taxes:				
Ad Valorem Taxes	\$ 114,000	\$ 114,000	\$ 134,102	\$ 20,102
Alcoholic Beverage Tax	14,500	14,500	16,773	2,273
Franchise Taxes	370,000	370,000	408,864	38,864
Sales Taxes	2,500,000	2,650,000	2,791,883	141,883
	2,998,500	3,148,500	3,351,622	203,122
Licenses and Permits:				
Occupational Licenses	349,900	349,900	380,874	30,974
Other Permits and Licenses	97,400	97,400	69,853	(27,547)
	447,300	447,300	450,727	3,427
Fines and Forfeits	750,000	1,050,000	1,051,106	1,106
Interest Income	6,000	6,000	18,300	12,300
Fees:				
Animal Adoption Fees	1,000	1,000	6,597	5,597
Parks and Recreation Fees	82,000	82,000	65,815	(16,185)
Police Extra Duty Charges	41,000	41,000	40,867	(133)
Road Maintenance	9,200	9,200	8,850	(350)
	133,200	133,200	122,129	(11,071)

(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, 2018

	<u>Original Budgeted Amounts</u>	<u>Final Budgeted Amounts</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Intergovernmental:				
State and Local Grants:				
On Behalf Payments for Salaries	108,000	108,000	104,183	(3,817)
Street Department Grant	91,459	1	-	(1)
Federal Grants:				
Flood Relief Grant	3,056,322	1,400	92,416	91,016
Street Planning and Construction Grant	691,747	1	157,125	157,124
Federal Parks and Recreation Grant	250,000	200,000	200,000	-
Animal Control Grants	2,500	300	954	654
Law Enforcement Grants	131,200	22,100	50,970	28,870
	<u>4,331,228</u>	<u>331,802</u>	<u>605,648</u>	<u>273,846</u>
Miscellaneous:				
Parks and Recreation Concessions	50,000	50,000	26,148	(23,852)
Miscellaneous	28,200	28,200	72,622	44,422
	<u>78,200</u>	<u>78,200</u>	<u>98,770</u>	<u>20,570</u>
Total Revenues	<u>8,744,428</u>	<u>5,195,002</u>	<u>5,698,302</u>	<u>503,300</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, 2018

	<u>Original Budgeted Amounts</u>	<u>Final Budgeted Amounts</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Expenditures				
General Government:				
General Provisions:				
Salaries	874,587	1,134,587	1,109,574	25,013
Aldermen's Per Diem	60,000	60,000	60,000	-
Payroll Taxes, Retirement, and Group Insurance	401,880	466,880	458,900	7,980
Advertising	12,000	12,000	19,609	(7,609)
Collection Costs	60,900	76,900	73,803	3,097
Bank Charges	-	-	219	(219)
Community Events	25,000	25,000	26,592	(1,592)
Contracted Services	18,500	18,500	10,825	7,675
Coroner Fees	6,000	6,000	5,020	980
Court Costs	18,000	18,000	18,000	-
Economic Development	25,000	65,000	56,875	8,125
Insurance	57,600	77,600	77,461	139
Legal and Professional	68,100	68,100	79,292	(11,192)
Membership Fees and Educational Training	27,000	27,000	32,201	(5,201)
Miscellaneous	3,800	3,800	7,545	(3,745)
Printing, Postage and Office Supplies	55,300	65,300	49,555	15,745
Rental Equipment	9,700	9,700	9,040	660
Repairs and Maintenance	38,200	38,200	35,233	2,967
Small Tools and Supplies	-	-	181	(181)
Telephone	21,900	21,900	23,969	(2,069)
Utilities	22,000	22,000	13,577	8,423
Uniforms	10,500	10,500	5,359	5,141
Vehicle Expenses	12,000	12,000	13,690	(1,690)
Total General Government	<u>1,827,967</u>	<u>2,238,967</u>	<u>2,186,520</u>	<u>52,447</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, 2018

	Original Budgeted Amounts	Final Budgeted Amounts	Actual	Variance With Final Budget
Public Safety:				
Animal Control:				
Salaries	128,100	128,100	121,671	6,429
Payroll Taxes, Retirement, and Group Insurance	58,380	58,380	58,266	114
Animal Care Expense	12,000	12,000	9,960	2,040
Insurance	6,200	6,200	6,970	(770)
Legal and Professional	1,700	1,700	1,436	264
Miscellaneous	23,900	23,900	13,538	10,362
Printing, Postage and Office Supplies	1,700	1,700	1,256	444
Small Tools and Supplies	10,000	10,000	8,689	1,311
Telephone	2,900	2,900	3,498	(598)
Utilities	8,000	8,000	8,908	(908)
Vehicle Expense	4,500	4,500	2,049	2,451
Total Animal Control	<u>257,380</u>	<u>257,380</u>	<u>236,241</u>	<u>21,139</u>
Police:				
Salaries	1,302,700	1,377,700	1,331,539	46,161
Payroll Taxes, Retirement, and Group Insurance	722,200	747,200	743,128	4,072
Contracted Services	5,800	5,800	3,078	2,722
Equipment Rental	30,500	30,500	36,051	(5,551)
Insurance	159,100	159,100	156,724	2,376
Membership Fees and Educational Training	13,000	13,000	17,992	(4,992)
Miscellaneous	7,400	7,400	6,621	779
Printing, Postage and Office Supplies	8,700	21,400	20,274	1,126
Professional Fees	33,400	33,400	20,981	12,419
Repairs and Maintenance	33,800	33,800	22,349	11,451
Small Tools and Supplies	31,000	46,300	34,275	12,025

(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, 2018

	Original Budgeted Amounts	Final Budgeted Amounts	Actual	Variance With Final Budget
Public Safety (Continued):				
Police (Continued):				
Telephone	32,500	32,500	27,036	5,464
Uniforms	18,000	18,000	19,007	(1,007)
Utilities	9,500	9,500	10,089	(589)
Vehicle Expense	80,000	112,000	114,617	(2,617)
Total Police	<u>2,487,600</u>	<u>2,647,600</u>	<u>2,563,761</u>	<u>83,839</u>
Total Public Safety	<u>2,744,980</u>	<u>2,904,980</u>	<u>2,800,002</u>	<u>104,978</u>
Highways and Streets:				
Streets:				
Salaries	532,770	362,770	365,983	(3,213)
Payroll Taxes, Retirement, and Group Insurance	256,515	166,515	142,699	23,816
Contract Services	93,000	93,000	85,293	7,707
Equipment Expense	112,900	152,900	135,290	17,610
Equipment Rental	13,400	13,400	15,731	(2,331)
Insurance	79,900	79,900	71,942	7,958
Landscaping and Beautification	224,300	-	-	-
Legal and Professional	22,300	112,300	116,041	(3,741)
Streets Maintenance and Materials	660,500	520,500	312,733	207,767
Membership Fees and Educational Training	3,000	3,000	3,338	(338)
Miscellaneous	2,000	2,000	318	1,682
Small Tools and Supplies	24,500	24,500	26,999	(2,499)
Telephone	8,500	8,500	5,620	2,880
Uniforms	5,100	5,100	2,650	2,450
Utilities	73,400	73,400	77,410	(4,010)
Total Highways and Streets	<u>2,112,085</u>	<u>1,617,785</u>	<u>1,362,047</u>	<u>255,738</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, 2018

	Original Budgeted Amounts	Final Budgeted Amounts	Actual	Variance With Final Budget
Parks and Recreation:				
Salaries	83,100	93,100	95,792	(2,692)
Payroll Taxes, Retirement, and Group Insurance	26,500	46,500	45,682	818
Concession Supplies	35,000	35,000	16,683	18,317
Equipment Rental	4,000	4,000	2,020	1,980
Insurance	11,600	11,600	9,862	1,738
Membership Fees and Educational Training	1,500	1,500	804	696
Miscellaneous	5,000	5,000	7,192	(2,192)
Legal and Professional	1,700	9,200	2,960	6,240
Printing, Postage and Office Supplies	1,700	1,700	2,163	(463)
Recreational Supplies	25,000	25,000	39,660	(14,660)
Repairs and Maintenance	43,200	53,200	42,127	11,073
Small Tools and Supplies	6,000	6,000	6,322	(322)
Telephone	2,000	2,000	2,274	(274)
Tournament Expenses	75,000	75,000	68,345	6,655
Utilities	24,200	24,200	32,150	(7,950)
Uniforms	1,300	1,300	1,757	(457)
Total Parks and Recreation	346,800	394,300	375,793	18,507
Capital Outlay	5,884,670	1,310,274	1,638,194	(327,920)
Debt Service:				
Bond Issuance Costs	-	-	250,515	(250,515)
Principal Retirement	105,200	105,200	106,119	(919)
Interest	5,500	5,500	11,758	(6,258)
Total Debt Service	110,700	110,700	368,392	(257,692)
Total Expenditures	13,027,202	8,577,006	8,730,948	(153,942)

(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, 2018

	Original Budgeted Amounts	Final Budgeted Amounts	Actual	Variance With Final Budget
Excess (Deficiency) of Revenues Over Expenditures	(4,282,774)	(3,382,004)	(3,032,646)	349,358
Other Financing Sources (Uses):				
Transfers In	4,382,200	4,015,700	4,015,669	(31)
Transfers Out	-	-	-	-
Sale of Capital Assets	-	-	52,774	52,774
Proceeds from Issuance of Debt	-	-	7,158,446	7,158,446
Total Other Financing Sources (Uses)	<u>4,382,200</u>	<u>4,015,700</u>	<u>11,226,889</u>	<u>7,211,189</u>
Net Change in Fund Balance	99,426	633,696	8,194,243	7,560,547
Fund Balance at Beginning of Year	<u>100,560</u>	<u>100,560</u>	<u>100,560</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ 199,986</u>	<u>\$ 734,256</u>	<u>\$ 8,294,803</u>	<u>\$ 7,560,547</u>

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, 2018

	Original Budgeted Amounts	Final Budgeted Amounts	Actual	Variance With Final Budget
Revenues:				
Sales Taxes	\$ 1,250,000	\$ 1,350,000	\$ 1,395,965	\$ 45,965
Interest	15,000	35,000	37,516	2,516
Total Revenues	1,265,000	1,385,000	1,433,481	48,481
Expenditures:				
General Government:				
Collection Expenses	25,000	25,000	23,135	1,865
Total General Government	25,000	25,000	23,135	1,865
Debt Service:				
Principal Retirement	265,000	265,000	265,000	-
Interest and Administrative Fees	18,568	30,228	30,228	-
Total Debt Service	283,568	295,228	295,228	-
Total Expenditures	308,568	320,228	318,363	1,865
Excess (Deficiency) of Revenues over Expenditures	956,432	1,064,772	1,115,118	50,346
Other Financing Sources (Uses):				
Operating Transfers Out	(1,563,400)	(1,263,400)	(1,263,369)	31
Total Other Financing Sources (Uses)	(1,563,400)	(1,263,400)	(1,263,369)	31
Net Change in Fund Balance	(606,968)	(198,628)	(148,251)	50,377
Fund Balance at Beginning of Year	2,388,048	2,388,048	2,388,048	-
Fund Balance at End of Year	\$ 1,781,080	\$ 2,189,420	\$ 2,239,797	\$ 50,377

The accompanying notes are an integral part of this statement.

**CITY OF WALKER
PROPRIETARY FUND**

STATEMENT OF NET POSITION

DECEMBER 31, 2018

(WITH COMPARATIVE TOTALS AS OF DECEMBER 31, 2017)

	Business Type Activities - Enterprise Fund	
	<u>2018</u>	<u>2017</u>
Current Assets:		
Cash and Cash Equivalents	\$ 9,045,481	\$ 7,752,875
Due From Other Funds	228,670	1,330,111
	<u>9,274,151</u>	<u>9,082,986</u>
Receivables:		
Accounts (Net of Allowance for Uncollectible Accounts of \$5,000 in 2018 and \$5,000 in 2017)	1,245,689	979,685
Unbilled Utility Sales	461,344	751,692
Due from Other Governments	42,037	47,212
	<u>1,749,070</u>	<u>1,778,589</u>
Inventory, at Cost	255,639	221,458
Prepaid Expenses	55,283	51,429
Total Current Assets	<u>11,334,143</u>	<u>11,134,462</u>
Noncurrent Assets:		
Restricted Cash, Cash Equivalents, and Investments:		
Revenue Bond Covenant Accounts	354,453	343,052
Investments - Customer Deposits	794,784	769,637
Prepaid Items	29,080	30,106
Capital Assets, at Cost (Net of Accumulated Depreciation)	15,643,843	15,730,505
Total Noncurrent Assets	<u>16,822,160</u>	<u>16,873,300</u>
Total Assets	<u>28,156,303</u>	<u>28,007,762</u>
Deferred Outflows of Resources:		
Deferred Amount on Refunding of Debt	490,340	507,645
Total Deferred Outflows of Resources	<u>490,340</u>	<u>507,645</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 28,646,643</u>	<u>\$ 28,515,407</u>

(CONTINUED)

**CITY OF WALKER
PROPRIETARY FUND**

STATEMENT OF NET POSITION (CONTINUED)

DECEMBER 31, 2018

(WITH COMPARATIVE TOTALS AS OF DECEMBER 31, 2017)

	Business Type Activities - Enterprise Fund	
	2018	2017
Current Liabilities:		
Accounts Payable	\$ 578,914	\$ 454,028
Accrued Salaries and Wages	47,607	41,726
Accumulated Unpaid Vacation	22,090	24,387
Customers' Deposits	775,688	758,642
Other Current Liabilities	41,807	28,848
Bonds Payable - Current Portion	314,801	295,551
Accrued Bond Interest	32,043	32,043
	1,812,950	1,635,225
Noncurrent Liabilities:		
Bonds Payable - Less Current Portion	4,732,421	4,892,538
Accumulated Unpaid Vacation	66,268	73,159
Total Noncurrent Liabilities	4,798,689	4,965,697
Total Liabilities	6,611,639	6,600,922
Net Position:		
Net Investment in Capital Assets	10,596,621	10,542,416
Restricted for Debt Service	322,410	311,009
Unrestricted	11,115,973	11,061,060
	22,035,004	21,914,485
Total Net Position	22,035,004	21,914,485
Total Liabilities and Net Position	\$ 28,646,643	\$ 28,515,407

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, 2018
(WITH COMPARATIVE TOTALS AS OF DECEMBER 31, 2017)

	Business - Type Activities - Enterprise Fund	
	2018	2017
Operating Revenues:		
Charges for Services	\$ 9,939,790	\$ 8,991,218
Total Operating Revenues	9,939,790	8,991,218
Operating Expenses:		
Personal Services and Benefits	1,758,935	1,706,482
Contractual Services	966,328	815,464
Cost of Materials	2,042,248	1,657,427
Utilities	245,191	230,959
Repair and Maintenance	998,220	983,253
Supplies	162,953	189,609
Insurance	173,895	182,675
Depreciation	812,846	767,875
Bad Debts	29,424	32,138
Total Operating Expenses	7,190,040	6,565,882
Operating Income	2,749,750	2,425,336
Nonoperating Revenues:		
Interest and Investment Income	130,455	92,982
Miscellaneous	22,596	34,905
Total Nonoperating Revenues	153,051	127,887
Nonoperating Expenses:		
Interest and Administrative Fees	134,336	131,830
Amortization of Bond Insurance Costs	1,026	990
Amortization of Bond Discount (Premium)	(6,496)	(6,265)
Amortization of Deferred Amount on Refunding	17,305	16,687
Total Nonoperating Expenses	146,171	143,242
Income Before Contributions and Transfers	2,756,630	2,409,981
Capital and Other Contributions	116,189	1,839,436
Transfers from Special Revenue Fund	947,700	810,500
Transfers to General Fund	(3,700,000)	(1,000,000)
Change in Net Position	120,519	4,059,917
Total Net Position at Beginning of Year	21,914,485	17,854,568
Total Net Position at End of Year	\$ 22,035,004	\$ 21,914,485

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, 2018
 (WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2017)

	<u>Business-Type Activities - Enterprise Fund</u>	
	<u>2018</u>	<u>2017</u>
Cash Flows From Operating Activities:		
Cash Received from Customers	\$ 9,939,885	\$ 8,723,876
Cash Payments to Suppliers for Goods and Services	(4,489,025)	(4,171,850)
Cash Payments to Employees for Services and Benefits	(1,762,242)	(1,691,872)
Other Receipts (Payments)	<u>1,124,037</u>	<u>(834,376)</u>
Net Cash Provided by Operating Activities	4,812,655	2,025,778
Cash Flows From Noncapital and Related Financing Activities:		
Transfer From Special Revenue Fund	947,700	810,500
Transfer To General Fund	<u>(3,700,000)</u>	<u>(1,000,000)</u>
Net Cash Used in Noncapital and Related Financing Activities	(2,752,300)	(189,500)
Cash Flows From Capital and Related Financing Activities:		
Acquisition and Construction of Capital Assets	(726,184)	(2,339,535)
Net Receipts from Customer Deposits	17,046	19,595
Proceeds from Issuance of Debt	155,757	-
Principal Paid on Loans	(290,128)	(278,525)
Interest and Administrative Fees Paid on Loans	(134,336)	(131,830)
Capital Contributions	<u>116,189</u>	<u>1,839,436</u>
Net Cash Used in Capital and Related Financing Activities	(861,656)	(890,859)
Cash Flows From Investing Activities:		
Net Purchases of Investments	(25,147)	(30,330)
Investment Income	<u>130,455</u>	<u>92,982</u>
Net Cash Provided by Investing Activities	105,308	62,652
Net Increase in Cash and Cash Equivalents	1,304,007	1,008,071
Cash and Cash Equivalents - Beginning of Year	<u>8,095,927</u>	<u>7,087,856</u>
Cash and Cash Equivalents - End of Year	<u><u>\$ 9,399,934</u></u>	<u><u>\$ 8,095,927</u></u>

(CONTINUED)

**CITY OF WALKER
PROPRIETARY FUND**

STATEMENT OF CASH FLOWS (CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 2018

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2017)

	Business-Type Activities - Enterprise Fund	
	2018	2017
Reconciliation of Operating Income to Net Cash		
Provided by Operating Activities:		
Operating Income	\$ 2,749,750	\$ 2,425,336
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Depreciation	812,846	767,875
Provision for Bad Debts	29,424	32,138
Miscellaneous Revenues	22,596	34,905
Changes in Assets and Liabilities:		
(Increase) Decrease in Accounts Receivable	(290,253)	(85,780)
(Increase) Decrease in Unbilled Utility Sales	290,348	(181,562)
(Increase) Decrease in Due from Other Funds	1,101,441	(869,281)
(Increase) Decrease in Inventory	(34,181)	(6,648)
(Increase) Decrease in Prepaid Expenses	(3,854)	29,637
Increase (Decrease) in Accounts Payable	124,886	(129,540)
Increase (Decrease) in Accrued Salaries and Wages	5,881	1,125
Increase (Decrease) in Other Current Liabilities	12,959	(5,912)
Increase (Decrease) in Accumulated Unpaid Vacation	(9,188)	13,485
Net Cash Provided by Operating Activities	\$ 4,812,655	\$ 2,025,778
Schedule of Noncash Investing, Capital, and Financing Activities:		
Amortization of Bond Insurance Cost	\$ 1,026	\$ 990
Amortization of Bond (Premium) Discount	\$ (6,496)	\$ (6,265)
Reconciliation of Cash and Cash Equivalents to the Statement of Net Position:		
Cash and Cash Equivalents, Unrestricted	\$ 9,045,481	\$ 7,752,875
Cash and Cash Equivalents, Restricted	354,453	343,052
Total Cash and Cash Equivalents	\$ 9,399,934	\$ 8,095,927

The accompanying notes are an integral part of this statement.

CITY OF WALKER

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2018

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, 2018

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, 2018

- *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, 2018

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, 2018

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, 2018

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 2018 was adopted on December 11, 2017.

CITY OF WALKER

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2018

- 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 10, 2018.
- 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, 2018

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 two and one-half percent of the current year property tax levy plus one hundred percent of any unpaid prior year tax at December 31, 2018.

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, 2018

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, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred inflows of resources represents 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, 2018, the accrued liability for unpaid vacation benefits amounted to \$233,455. The amount applicable to the Enterprise Fund was \$88,358 and is recorded in that Fund, and the amount of \$145,097 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, 2018

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, 2018

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, 2018

P. Summary Financial Information for 2017

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, 2017, 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 \$19,247,954 at December 31, 2018. The following is a summary of cash and cash equivalents at December 31, 2018.

	<u>Governmental Activities</u>	<u>Business- Type Activities</u>	<u>Total</u>
Book Balances	\$ <u>9,848,020</u>	\$ <u>9,399,934</u>	\$ <u>19,247,954</u>
Bank Balances	\$ <u>9,921,229</u>	\$ <u>9,398,153</u>	\$ <u>19,319,382</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, 2018, none of the City's bank balance of \$19,319,382 was exposed to custodial credit risk.

CITY OF WALKER

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2018

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, 2018, the City holds investments totaling \$1,127,210 as follows:

	<u>Carrying Amount</u>	<u>Market Value</u>
<u>Governmental Activities:</u>		
Louisiana Asset Management Pool (LAMP)	\$ <u>332,426</u>	\$ <u>332,426</u>
<u>Business-Type Activities:</u>		
U.S. Government Securities Fund – A – Mutual Fund	\$ <u>794,784</u>	\$ <u>794,784</u>

CITY OF WALKER

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2018

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, 2018: U.S. Government Securities Fund – A – Mutual Funds of \$794,784 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, 2018, none of the City's investments in mutual funds of \$794,784 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, 2018

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 City of Walker from information on assessed values received from the Livingston Parish Assessor's Office.

For the year ended December 31, 2018, taxes of 2.20 mills were levied on property with assessed valuations totaling \$58,828,550 and were dedicated to general purposes.

Total taxes levied were \$129,443. Taxes receivable at December 31, 2018, consisted of the following:

Taxes Receivable - Current Roll	\$72,302
Allowance for Uncollectible Taxes	<u>(3,883)</u>
	<u>\$68,419</u>

5. Receivables

Receivables as of December 31, 2018, including the applicable allowance for uncollectible accounts, are as follows:

	<u>Ad Valorem Taxes</u>	<u>Franchise Taxes</u>	<u>Accounts</u>	<u>Unbilled Sales</u>	<u>Less: Allowance for Uncollectibles</u>	<u>Total - Net Receivable</u>
<u>Governmental Activities:</u>						
General Fund	\$ <u>72,302</u>	\$ <u>151,859</u>	\$ <u>16,890</u>	\$ <u>-</u>	\$ <u>(3,883)</u>	\$ <u>237,168</u>
Total Governmental Activities	72,302	151,859	16,890	-	(3,883)	237,168
<u>Business-Type Activities:</u>						
Utility Fund	<u>-</u>	<u>-</u>	<u>1,250,689</u>	<u>461,344</u>	<u>(5,000)</u>	<u>1,707,033</u>
Total Receivables	<u>\$ 72,302</u>	<u>\$ 151,859</u>	<u>\$ 1,267,579</u>	<u>\$ 461,344</u>	<u>\$ (8,883)</u>	<u>\$ 1,944,201</u>

CITY OF WALKER

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2018

6. Due From Other Governments

Due from Other Governments as of December 31, 2018, consists of the following:

	<u>Livingston Parish School Board</u>	<u>State of Louisiana</u>	<u>Total</u>
<u>Governmental Activities</u>			
General Fund	\$ 496,988	\$ 226,564	\$ 723,552
2000 ½ Cent Sales Tax Fund	<u>238,260</u>	<u>-</u>	<u>238,260</u>
Total Governmental Activities	735,248	226,564	961,812
<u>Business-Type Activities</u>			
Utility Fund	<u>-</u>	<u>42,037</u>	<u>42,037</u>
Total Due from Other Governments	<u>\$ 735,248</u>	<u>\$ 268,601</u>	<u>\$1,003,849</u>

7. Interfund Receivables/Payables

The following is a detailed list of interfund balances as of December 31, 2018, reported in the fund financial statements.

	<u>Net Internal Due to</u>	<u>Net Internal Due from</u>	<u>Balances</u>
<u>Governmental Activities</u>			
General Fund	\$ -	\$ 369,911	\$ 369,911
2000 ½ Cent Sales Tax Fund	<u>(598,581)</u>	<u>-</u>	<u>(598,581)</u>
Total Governmental Activities	(598,581)	369,911	(228,670)
<u>Business-Type Activities</u>			
Utility Fund	<u>-</u>	<u>228,670</u>	<u>228,670</u>
Total Interfund Receivables/Payables	<u>\$ (598,581)</u>	<u>\$ 598,581</u>	<u>\$ -</u>

CITY OF WALKER

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2018

8. Changes in Capital Assets

The following is a summary of the changes in capital assets for the year ended December 31, 2018:

	Balance January 1, 2018	Additions	Deletions	Balance December 31, 2018
<u>Governmental Activities:</u>				
Capital Assets not being Depreciated:				
Land and Right-of-Ways	\$ 929,347	\$ 18,000	\$ -	\$ 947,347
Construction in Progress	2,421,020	1,163,068	(2,124,378)	1,459,710
Total Capital Assets not being Depreciated	3,350,367	1,181,068	(2,124,378)	2,407,057
Capital Assets being Depreciated:				
Land Improvements	332,557	587,908	-	920,465
Buildings	2,402,093	-	-	2,402,093
Equipment and Vehicles	2,428,642	457,126	(78,606)	2,807,162
Furniture and Fixtures	26,161	-	-	26,161
Recreational Equipment	368,251	-	-	368,251
Infrastructure	1,801,222	1,536,470	-	3,337,692
Total Capital Assets being Depreciated	7,358,926	2,581,504	(78,606)	9,861,824
Less: Accumulated Depreciation for:				
Land Improvements	156,619	26,038	-	182,657
Buildings	508,636	93,158	-	601,794
Equipment and Vehicles	1,653,090	241,130	(38,888)	1,855,332
Furniture and Fixtures	26,161	-	-	26,161
Recreational Equipment	311,080	18,485	-	329,565
Infrastructure	1,461,428	55,661	-	1,517,089
Total Accumulated Depreciation	4,117,014	434,472	(38,888)	4,512,598
Total Capital Assets being Depreciated, Net	3,241,912	2,147,032	(39,718)	5,349,226
Total Governmental Activities Capital Assets, Net	<u>\$ 6,592,279</u>	<u>\$ 3,328,100</u>	<u>\$ (2,164,096)</u>	<u>\$ 7,756,283</u>

(CONTINUED)

CITY OF WALKER

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2018

	Balance January 1, 2018	Additions	Deletions	Balance December 31, 2018
<u>Business-Type Activities:</u>				
Capital Assets not being Depreciated:				
Land - Gas and Water System	\$ 262,949	\$ 25,000	\$ -	\$ 287,949
Land - Sewer System	99,875	-	-	99,875
Construction in Progress	3,258,840	454,144	(3,093,749)	619,235
Total Capital Assets not being Depreciated	3,621,664	479,144	(3,093,749)	1,007,059
Capital Assets being Depreciated:				
Gas System	5,323,572	-	-	5,323,572
Water System	4,488,802	3,093,749	-	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	1,128,486	247,040	-	1,375,526
Total Capital Assets being Depreciated	25,761,498	3,340,789	-	29,102,287
Less: Accumulated Depreciation for:				
Gas System	3,455,960	123,442	-	3,579,402
Water System	2,239,026	157,884	-	2,396,910
Sewer System	6,924,663	425,392	-	7,350,055
Buildings	91,234	13,198	-	104,432
Land Improvements	55,988	5,111	-	61,099
Machinery and Equipment	885,786	87,819	-	973,605
Total Accumulated Depreciation	13,652,657	812,846	-	14,465,503
Total Capital Assets being Depreciated, Net	12,108,841	2,527,943	-	14,636,784
Total Business-Type Activities Capital Assets, Net	\$ 15,730,505	\$ 3,007,087	\$ (3,093,749)	\$ 15,643,843

CITY OF WALKER

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2018

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

Governmental Activities:

General Government	\$ 95,635
Public Safety	126,306
Highways and Streets	150,753
Parks and Recreation	61,778
Total Depreciation Expense	
Governmental Activities	\$ 434,472

Business-Type Activities:

Water	\$ 196,268
Gas	166,869
Sewer	449,709
Total Depreciation Expense -	
Business-Type Activities	\$ 812,846

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, 2018, follows:

Governmental Activities:

	Project Authorization	Expended to December 31, 2018	Unexpended Commitment
Safe House	\$ 3,674,369	\$ 132,853	\$ 3,541,516
Challenger Field	475,798	475,798	-
Dog Park	17,217	17,217	-
Peak Lane Improvements	207,281	63,378	143,903
Ball Park Renovations	770,464	770,464	-
Total	\$ 5,145,129	\$ 1,459,710	\$ 3,685,419

(CONTINUED)

CITY OF WALKER

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2018

Business-Type Activities:

	<u>Project Authorization</u>	<u>Expended to December 31, 2018</u>	<u>Unexpended Commitment</u>
I-12 to Buddy Ellis Road Gas Extension	\$ 88,160	\$ 79,420	\$ 8,740
Gas Upgrade - Juban 190	556,502	298,829	257,673
Relocate Gas - Juban	36,031	6,721	29,310
Gas Relocate Hwy 1026 & I-12	19,193	6,990	12,203
Pontchartrain Basin Restoration	35,000	35,000	-
Walker North Water Line Upgrade	246,750	192,275	54,475
Total	<u>\$ 981,636</u>	<u>\$ 619,235</u>	<u>\$ 362,401</u>

Governmental Funds - Fund balance and Unexpended Commitments:

	<u>Fund Balance Committed for Construction Contracts at December 31, 2018</u>	<u>Fund Unexpended Commitment December 31, 2018</u>	<u>Actual Committed Fund Balance Less Unexpended Commitment December 31, 2018</u>
General Fund	<u>\$ 1,761,241</u>	<u>\$ 3,685,419</u>	<u>\$ (1,924,178)</u>

At December 31, 2018 the unexpended commitments are recorded in the General Fund as fund balance committed to contracts in the amount of \$1,761,241. The unavailable amount of \$(1,924,178) will be resolved in future years by capital project grant funds awarded but not yet received. At December 31, 2018 the City has \$2,954,938 remaining in available grant funds for the Safe House Project.

9. Accounts, Salaries, and Other Payables

The payables at December 31, 2018 are as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Accounts Payable	\$ 268,037	\$ 578,914	\$ 846,951
Withholdings	151,355	41,807	193,162
Accrued Salaries	123,607	47,607	171,214
Customer Deposits	-	775,688	775,688
Total	<u>\$ 542,999</u>	<u>\$1,444,016</u>	<u>\$1,987,015</u>

CITY OF WALKER

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2018

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 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 \$164,264, for the year ended December 31, 2018.

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.

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.

CITY OF WALKER

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2018

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.

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.

CITY OF WALKER

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2018

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 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, 2018 to June 30, 2018 was 30.75% and was 32.25% for the period July 1, 2018 to December 31, 2018. The employee rate for both periods was 10% for hazardous duty members. Contributions to MPERS from the City were \$268,411 for the year ended December 31, 2018.

CITY OF WALKER

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2018

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 \$55,322 for the year ended December 31, 2018.

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

At December 31, 2018, the City reported a liability of \$2,370,298 for its proportionate share of the net pension liability of MPERS. The net pension liability was measured as of June 30, 2018 and the total pension liability used to calculate the net pension liability was determined by an actuarial 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 .28035% which was a decrease of .00603% from its proportion measured as of June 30, 2017.

For the year ended December 31, 2018, the City recognized pension expense of \$435,309 related to MPERS.

At December 31, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to the pension plan from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 10,684	\$ 121,115
Changes in assumptions	154,882	-
Net difference between projected and actual earnings on pension plan investments	113,615	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	92,868	35,010
Employer contributions subsequent to the measurement date	137,716	-
Total	<u>\$ 509,765</u>	<u>\$ 156,125</u>

CITY OF WALKER

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2018

\$137,716 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, 2019. 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>	
2019	\$ 177,862
2020	109,799
2021	(75,864)
2022	4,127
	<hr/>
	\$ 215,924
	<hr/>

Actuarial Assumptions:

A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2018 for the plan are as follows:

Inflation	2.60%
Investment rate of return	7.20% (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.

CITY OF WALKER

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2018

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 8.19% for the year ended June 30, 2018. 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, 2018 are summarized in the following table:

Asset Class	Target Asset Allocation	Long-Term Expected Portfolio Real Rate of Return
Equity	52.0%	3.58%
Fixed Income	22.0%	0.46%
Alternative	20.0%	1.07%
Other	6.0%	0.17%
Total	100.0%	5.28%
Inflation		2.75%
Expected Arithmetic Nominal Return		8.03%

Discount Rate

The discount rate used to measure the total pension liability was 7.20%, which was a decrease of .125% from the prior measurement date of June 30, 2017. 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, 2018

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, 2018 for MPERS:

	Changes in Discount Rate		
	1% Decrease	Current Discount	1% Increase
	6.20%	7.20%	8.20%
Net Pension Liability	<u>\$ 3,330,582</u>	<u>\$ 2,370,298</u>	<u>\$ 1,564,208</u>

Pension Plans Fiduciary Net Position

MPERS issued a stand-alone audit report on its financial statements for the year ended June 30, 2018. Access to the audit report can be found on the System's website: www.lampers.org or on the Office of Louisiana Legislative Auditor's official website: www.lla.state.la.us.

Payables to the Pension Plan

At December 31, 2018, included in liabilities is a payable in the amount of \$30,151 to MPERS. This payable is normal legally required contributions to the pension plan.

CITY OF WALKER

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2018

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, 2018:

	Debt Payable 1/1/2018	Additions	Deletions	Debt Payable 12/31/2018	Due within 1 year
Governmental Activities:					
Compensated Absences	\$ 129,928	\$ 144,222	\$ 129,053	\$ 145,097	\$ 36,274
Capital Lease Payable	291,862	406,526	105,894	592,494	155,188
Refunding Bond Payable					
by Utility Issues, Series 2009	541,000	-	265,000	276,000	276,000
Refunding Bond Payable					
by Utility Issues, Series 2016	583,000	-	-	583,000	-
City Hall Construction Bond, Series 2018	-	6,775,000	-	6,775,000	120,000
Discount on Bonds	-	(23,305)	-	(23,305)	-
Premium on Bonds	26,994	-	-	26,994	-
Total Governmental Activities	1,572,784	7,302,443	499,947	8,375,280	587,462
Business-Type Activities:					
Compensated Absences	97,546	50,618	59,806	88,358	22,090
Capital Lease Payable	34,756	155,757	28,128	162,385	41,305
Refunding Series Bonds, Series 2009 (Gross)	685,000	-	335,000	350,000	350,000
Refunding Series Bonds, Series 2016 (Gross)	4,690,000	-	140,000	4,550,000	140,000
Combined Utilities Revenue Bonds, Series 2010B	248,000	-	18,000	230,000	19,000
Combined Utilities Revenue Bonds, Series 2011	463,764	-	34,000	429,764	34,000
Less: Intragovernmental Payable	(1,124,000)	-	(265,000)	(859,000)	(276,000)
Premium on Bonds	190,569	-	6,496	184,073	6,496
Total Business-Type Activities	5,285,635	206,375	356,430	5,135,580	336,891
Total Debt	<u>\$ 6,858,419</u>	<u>\$ 7,508,818</u>	<u>\$ 856,377</u>	<u>\$ 13,510,860</u>	<u>\$ 924,353</u>

CITY OF WALKER

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2018

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, 2018, the unamortized balance is \$490,340. 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. At December 31, 2018, \$4,415,000 of the Series 2009 defeased bonds are still outstanding.

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%. \$ 4,550,000

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
2019	\$ -	\$ 11,660	\$ 11,660
2020	285,000	11,660	296,660
2021	298,000	11,660	309,660
	583,000	34,980	617,980

(CONTINUED)

CITY OF WALKER

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2018

Year Ended December 31,	2016 Refunding Series - Business-Type Activities		
	Principal	Interest	Total
2019	140,000	107,940	247,940
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
2024-2027	2,320,000	176,550	2,496,550
	3,967,000	672,570	4,639,570
Total Refunding Bond			
2016 Issue	\$ 4,550,000	\$ 707,550	\$ 5,257,550

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, 2018, 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 \$66,965, and is reported on the Proprietary Fund as restricted cash.

Refunding Bonds, Series 2009 - Unrefunded Portion

City of Walker Utilities Project Series 2009 Refunding Bonds - \$7,440,000 (\$2,904,000 payable from Governmental Activities and \$4,536,000 payable from Business-Type Activities) of Refunding Bonds Dated September 3, 2009, due in annual installments of principal and semi-annual installments of interest through October 1, 2029; variable interest rate ranging from 3.000% to 4.875%. \$ 350,000

The principal and interest on the refunding bonds, series 2009, 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 portion of these bonds was refunded in the Refunding Bonds, Series 2016. A schedule of the outstanding principal and interest requirements of the unrefunded portion of the Refunding Series 2009 Bonds are as follows:

CITY OF WALKER

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2018

<u>Year Ended December 31,</u>	<u>2009 Refunding Series - Governmental Activities</u>		
<u>2019</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
	\$ 276,000	\$ 6,819	\$ 282,819
	<u>2009 Refunding Series - Business-Type Activities</u>		
<u>Year Ended December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
<u>2019</u>	74,000	6,306	80,306
Total Refunding Bond 2009 Issue	\$ 350,000	\$ 13,125	\$ 363,125

The City of Walker Utilities Project Series 2009 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, 2018, the Debt Service Fund requirements for the interest and principal accounts on the Series 2009 Refunding Bonds were fully funded with an actual balance of \$93,808, 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%.

\$ 230,000

CITY OF WALKER

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2018

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

<u>Year Ended December 31,</u>	2010B Utilities Revenue Bonds			
	<u>Principal</u>	<u>Interest</u>	<u>Fees</u>	<u>Total</u>
2019	\$ 19,000	\$ 6,785	\$ 1,150	\$ 26,935
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
2024-2028	109,000	13,334	2,260	124,594
2029	24,000	708	120	24,828
	<u>\$ 230,000</u>	<u>\$ 42,334</u>	<u>\$ 7,175</u>	<u>\$ 279,509</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%.

\$ 429,764

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>
2019	\$ 34,000	\$ 1,934	\$ 2,149	\$ 38,083
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	1,458	37,771
2024-2028	182,000	4,153	4,614	190,767
2029-2030	74,764	506	563	75,833
	<u>\$ 429,764</u>	<u>\$ 12,785</u>	<u>\$ 14,206</u>	<u>\$ 456,755</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 20th day of each month of each year, a sum equal to 1/6 of the interest

CITY OF WALKER

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2018

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, 2018, the Debt Service Fund, Reserve Fund, and Contingencies Fund requirements were fully funded with an actual balance of \$193,680 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, 2018.

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%.

\$ 6,775,000

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
2019	\$ 120,000	\$ 242,660	\$ 362,660
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
2024-2028	790,000	1,182,436	1,972,436
2029-2033	970,000	1,010,461	1,980,461
2034-2038	1,175,000	801,086	1,976,086
2039-2043	1,430,000	546,111	1,976,111
2044-2048	1,745,000	231,949	1,976,949
	\$ 6,775,000	\$ 5,052,663	\$ 11,827,663

CITY OF WALKER

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2018

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 20th 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, 2018, the Debt Service Fund, Reserve Fund, and Contingencies Fund requirements were fully funded with an actual balance of \$33,562 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, 2018.

Capital Lease Payable

The City entered into a capital lease agreement on June 9, 2014 for financing the purchase of six pick-up trucks and equipment. The lease requires 20 quarterly payments of principal and interest of \$14,573 with the final payment due April 9, 2019. The City entered into a capital lease agreement on February 16, 2015 for financing the purchase of five police vehicles and equipment for the Police Department. The lease requires 17 quarterly payments of principal and interest of \$9,573 with the final payment due July 1, 2019. 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 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. 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, 2018, are as follows:

CITY OF WALKER

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2018

<u>Description/Purpose</u>	<u>Original Lease</u>	<u>Interest Rate</u>	<u>Final Maturity</u>	<u>Balance December 31, 2018</u>
Capital lease to finance the purchase of six pick-up trucks and equipment	\$ 277,652	2.00%	4/9/2019	\$ 28,915
Capital lease to finance the purchase of five police vehicles and	\$ 150,571	3.28%	7/1/2019	\$ 30,166
Capital lease to finance the purchase of five police vehicles and	\$ 174,000	3.79%	10/15/2022	\$ 142,683
Capital lease to finance the purchase of sixteen vehicles	\$ 332,508	2.50% - 3.00%	12/1/2023	\$ 323,115
Capital lease to finance the purchase of tractors and equipment	\$ 230,000	3.78%	10/1/2023	\$ 230,000
				<u>\$ 754,879</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>
2019	\$ 196,494	\$ 25,069	\$ 221,563
2020	144,077	17,575	161,652
2021	149,191	12,461	161,652
2022	154,497	7,155	161,652
2023	110,620	2,217	112,837
	<u>\$ 754,879</u>	<u>\$ 64,477</u>	<u>\$ 819,356</u>

CITY OF WALKER

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2018

Leased equipment and vehicles under capital lease in capital assets at December 31, 2018, include the following:

Governmental Activities:

Equipment and Vehicles	\$ 904,997
Less: Accumulated Depreciation	<u>(259,879)</u>
	<u><u>\$ 645,118</u></u>

Business-Type Activities:

Equipment and Vehicles	\$ 273,527
Less: Accumulated Depreciation	<u>(87,567)</u>
	<u><u>\$ 185,960</u></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, 2018, 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 \$104,183 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, 2018:

	Governmental Activities	Business-Type Activities
Cash and Cash Equivalents:		
Refunding Bonds, Series 2009 - Debt Service	\$ -	\$ 93,808
Combined Utility Bonds, Series 2010B and Series 2011 - Debt Service	-	193,680
Refunding Bonds, Series 2016 - Debt Service	-	66,965
Revenue Bonds, Series 2018 - Debt Service	33,562	
Revenue Bonds, Series 2018 - City Hall Construction	<u>6,500,000</u>	<u>-</u>
Total Cash and Cash Equivalents	6,533,562	354,453
Investments:		
Customers Deposits	<u>-</u>	<u>794,784</u>
Total Restricted Assets	<u><u>\$ 6,533,562</u></u>	<u><u>\$ 1,149,237</u></u>

CITY OF WALKER

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2018

**15. Schedule of Utility Enterprise Fund Net Income (Loss) from Operations
by Department for the Year Ended December 31, 2018**

	<u>Gas Department</u>	<u>Water Department</u>	<u>Sewer Department</u>	<u>Sanitation Department</u>	<u>Total Utility Enterprise Fund</u>
Operating Revenues:					
Charges for Services	\$ 6,531,527	\$ 1,547,834	\$ 966,313	\$ 395,969	\$ 9,441,643
Delinquent Charges	96,404	33,534	18,345	6,648	154,931
Miscellaneous	181,875	152,981	8,360	-	343,216
Total Operating Revenues	6,809,806	1,734,349	993,018	402,617	9,939,790
Operating Expenses:					
Direct	3,574,203	1,324,696	1,440,557	371,633	6,711,089
General and Administrative	178,155	220,460	77,711	2,625	478,951
Total Operating Expenses	3,752,358	1,545,156	1,518,268	374,258	7,190,040
Operating Income (Loss) by Department	3,057,448	189,193	(525,250)	28,359	2,749,750
Nonoperating Revenues	149,034	2,824	1,102	91	153,051
Nonoperating Expenses	(93,085)	(32,904)	(20,182)	-	(146,171)
Federal Grant	-	28,037	55,853	-	83,890
State Grant	-	32,299	-	-	32,299
Transfers from Special Revenue	-	-	947,700	-	947,700
Transfers to General Fund	(3,700,000)	-	-	-	(3,700,000)
Change in Net Position					\$ 120,519
Business-Type Activities					
Departmental Net Income (Loss)	\$ (586,603)	\$ 219,449	\$ 459,223	\$ 28,450	

CITY OF WALKER

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2018

**16. Schedule of Utility Enterprise Fund Operating Expenses by Department
for the Year Ended December 31, 2018**

	Gas Department	Water Department	Sewer Department	Sanitation Department	Total Utility Enterprise Fund
Direct Expenses:					
Natural Gas Purchases	\$ 2,042,248	\$ -	\$ -	\$ -	\$ 2,042,248
Salaries and Wages	517,702	349,679	322,563	-	1,189,944
Payroll Taxes, Retirement and Group Insurance	285,076	146,836	137,079	-	568,991
Contract Services	285,109	86,760	18,808	371,633	762,310
Depreciation	166,869	196,268	449,709	-	812,846
Equipment Expenses	51,569	26,566	11,640	-	89,775
Equipment Rental	13,685	9,609	43,969	-	67,263
Lab Fees	-	-	28,332	-	28,332
Maintenance	186,851	427,753	293,841	-	908,445
Small Tools and Supplies	11,924	10,385	3,416	-	25,725
Utilities	13,170	70,840	131,200	-	215,210
	<u>3,574,203</u>	<u>1,324,696</u>	<u>1,440,557</u>	<u>371,633</u>	<u>6,711,089</u>
General and Administrative Expenses:					
Insurance	88,697	63,950	21,248	-	173,895
Miscellaneous	28,289	73,515	16,049	-	117,853
Office Expense	10,386	7,206	1,783	-	19,375
Professional Fees	19,269	59,193	27,906	2,055	108,423
Telephone	13,992	8,566	7,423	-	29,981
Bad Debts	17,522	8,030	3,302	570	29,424
	<u>178,155</u>	<u>220,460</u>	<u>77,711</u>	<u>2,625</u>	<u>478,951</u>
Total Operating Expenses	<u><u>\$ 3,752,358</u></u>	<u><u>\$ 1,545,156</u></u>	<u><u>\$ 1,518,268</u></u>	<u><u>\$ 374,258</u></u>	<u><u>\$ 7,190,040</u></u>

CITY OF WALKER

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2018

**17. Schedule of Utility Enterprise Fund Operating Expenses by
Function for the Year Ended December 31, 2018**

Personal Services and Benefits:

Direct Labor	\$ 1,189,944
Payroll Taxes, Retirement and Group Insurance	568,991
	<hr/>
	1,758,935

Contractual Services:

Equipment Rental	67,263
Lab Fees	28,332
Subcontract Services	762,310
Professional Fees	108,423
	<hr/>
	966,328

Cost of Materials:

Natural Gas Purchases	2,042,248
-----------------------	-----------

Utilities:

Utilities	215,210
Telephone	29,981
	<hr/>
	245,191

Repair and Maintenance:

Equipment Expenses	89,775
Maintenance	908,445
	<hr/>
	998,220

Supplies:

Small Tools and Supplies	25,725
Office Expense	19,375
Miscellaneous	117,853
	<hr/>
	162,953

Insurance

173,895

Depreciation

812,846

Bad Debts

29,424

Total Operating Expenses

\$ 7,190,040

CITY OF WALKER

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2018

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, 2018 Federal financial assistance relating to the flood event described above has been obligated and is recorded in the Governmental Funds balance sheet as \$73,157 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, 2018

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, 2018

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, 2018:

Salary	\$ 68,000
Benefits - Insurance	16,692
Benefits - Retirement	6,120
Continuing Professional Education Fees	185
Per Diem	200
Registration Fees	200
Travel Reimbursements	<u>278</u>
Total Compensation and Benefits	<u>\$ 91,675</u>

22. 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.

The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. 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

CITY OF WALKER

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2018

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, 2018. Earlier application is encouraged.

In June 2018, the Governmental Accounting Standards Board issued GASB Statement No 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5-22 of Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which are superseded by this Statement. 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 for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. This Statement also reiterates that in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged. The requirements of this Statement should be applied prospectively.

23. Subsequent Events

Management has evaluated subsequent events and transactions for potential recognition or disclosure in the financial statements through June 24, 2019, 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, 2018*

<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>
Municipal Police Employees Retirement System of Louisiana:					
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%

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, 2018

<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>
Municipal Police Employees Retirement System of Louisiana:					
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%

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

CITY OF WALKER

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

FOR THE YEAR ENDED DECEMBER 31, 2018

Municipal Police Employees' Retirement System:

Changes in Actuarial Assumptions

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

Valuation Date	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
Investment Rate of Return	7.20%	7.325%	7.50%	7.50%	7.50%
Inflation Rate	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 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 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 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
Salary increases, including inflation and merit	<u>Years of Service</u>	<u>Years of Service</u>	<u>Years of Service</u>	<u>Years of Service</u>	<u>Years of Service</u>
	<u>Salary Growth Rate</u>	<u>Salary Growth Rate</u>	<u>Salary Growth Rate</u>	<u>Salary Growth Rate</u>	<u>Salary Growth Rate</u>
	1-2	1-2	1-2	1-2	1
	3-23	3-23	3-23	3-23	2
	Above 23	Above 23	Above 23	Above 23	3-19
					20-29
				30& Over	

Changes of Assumptions

There were no changes of benefit assumptions for the year ended June 30, 2018.

See independent auditor's report.

OTHER SUPPLEMENTAL INFORMATION

CITY OF WALKER
SCHEDULE OF INSURANCE COVERAGE IN FORCE
FOR THE YEAR ENDED DECEMBER 31, 2018
(UNAUDITED)

Insurance Company / Policy Number	Coverage	Amount	Policy Period
Essex Insurance Co. LMA1700077	Auto Physical Damage	Per Schedule on File	05/28/2018 to 05/28/2019
EMC Insurance Co. 3X1-18-93-17	Business Protection - Property and Inland Marine	Per Schedule on File	05/28/2018 to 05/28/2019
EMC Insurance Co. T230013	Government Crime Employee Theft (\$10,000 Deductible) Forgery and Alteration (\$10,000 Deductible)	100,000 100,000	08/06/2018 to 08/06/2019
LMA Risk Management 100-0466-00015968	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	05/28/2018 to 05/28/2019
Western Surety Company 69486003	Clerk Surety Bond	50,000	03/10/2018 to 03/10/2019
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	03/10/2018 to 03/10/2019

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, 2018
(UNAUDITED)Number of Customers

	December 31, 2018	December 31, 2017	Increase (Decrease)
Gas Customers	8,961	8,769	192
Water Customers	4,850	4,811	39
Sewer Customers	2,581	2,566	15
Sanitation Customers	2,107	2,119	(12)

Revenue Data Per Customer Per Month

	December 31, 2018	December 31, 2017	Increase (Decrease)	Percentage Change
Gas Sales	\$60.74	\$53.02	\$7.72	15%
Water Sales	\$26.60	\$26.42	\$0.18	1%
Sewer Sales	\$31.20	\$33.05	(\$1.85)	(6%)
Sanitation Sales	\$15.66	\$14.79	\$0.87	6%

See independent auditor's report.

CITY OF WALKER

SCHEDULE OF UTILITY RATES AND TAP FEES

FOR THE YEAR ENDED DECEMBER 31, 2018

(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	\$ 14.00	
Per Next 1,000 Gallons of Water Used	2.60	
Commercial		
First 3,000 Gallons	\$ 38.46	
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)	\$ 19.88	
First 3,000 Gallons (Grinder Pump)	18.23	
Per Next 1,000 Gallons of Water Used	2.08	
Commercial		
First 3,000 Gallons	\$ 26.32	
Per Next 1,000 Gallons of Water Used	2.96	
<u>Garbage</u>		
Residential and Commercial		
Flat Rate per Cart	\$ 14.62	
Senior Citizens		
Flat Rate per Cart	\$ 9.63	

Sewer, Gas & Water Misc. Fees

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

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 comparative 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, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 24, 2019.

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
June 24, 2019

CITY OF WALKER

SCHEDULE OF FINDINGS AND QUESTIONED COST

FOR THE YEAR ENDED DECEMBER 31, 2018

A. Internal Control Over Financial Reporting

None

B. Compliance and Other Matters

None

CITY OF WALKER

SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS

FOR THE YEAR ENDED DECEMBER 31, 2018

(A) Findings - Internal Control Over Financial Reporting -

Reference Number: 2017-01

Category: Bank Reconciliations

Description of Finding:

During the prior year audit, we noted the main operating cash account and non-operating accounts appeared to be reconciled timely; however, it was noted that copies of the bank reconciliations were not kept on file for review. Additionally, there was no evidence to support that the bank reconciliations were being reviewed by a member of management that was not responsible for reconciling the bank accounts.

Recommendations:

We recommended that the City implement procedures to print and maintain physical copies or an electronic copy with noted approvals of monthly bank reconciliations and implement procedures to ensure the monthly reconciliations are reviewed by a member of management not responsible for reconciling the bank accounts.

Corrective Action Taken:

We noted that during 2018, management printed out reconciled bank reconciliations monthly and had a member of management review and initial these reconciliations.

Reference Number: 2017-02

Category: Budget-to-Actual Comparisons

Description of Finding:

During our prior year audit, we noted that budget-to-actual comparisons were not presented at City Council meetings on a monthly basis. The City Council was presented with information on budget amendments throughout the year.

Recommendation:

We recommended that the City implement procedures to review budget-to-actual comparisons at City Council meetings on a monthly basis.

Corrective Action Taken:

We noted that during 2018, budget-to-actual comparisons were distributed at monthly City Council meetings.

CITY OF WALKER

SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS (CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 2018

(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, 2018

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.

Reference Number: 2017-03

Category: Unfavorable Budget Variance

Description of Finding:

During our prior year audit, we noted that the budget variance for Actual Revenue compared to Final Budgeted Revenues created an unfavorable budget variance that exceeded the 5% variance required by state law.

Recommendations:

We recommended that the City implement procedures to monitor actual revenue and expenses more closely and make appropriate budget amendments to comply with the law requiring the budget to actual variance to be within 5%.

Corrective Action Taken:

We noted that there were no unfavorable budget variances in excess of 5% for 2018.

CITY OF WALKER

INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES

DECEMBER 31, 2018

WALKER, LOUISIANA



2322 Tremont Drive • Baton Rouge, LA 70809
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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, 2018 through December 31, 2018. 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

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.**

Board or Finance Committee

- 2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
 - a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document. – **No exceptions.**
 - b) For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund and major special revenue funds, as well as monthly financial statements (or budget-to-actual comparisons, if budgeted) for major proprietary funds. *Alternately, for those entities reporting on the non-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.* – **No exceptions.**

- c) For governmental entities, obtain the prior year audit report and observe the unrestricted fund balance in the general fund. If the general fund had a negative ending unrestricted fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unrestricted fund balance in the general fund. – **No exceptions.**

Bank Reconciliations

- 3. 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.

EXCEPTION - HTB noted outstanding items older than 12 months that had no documentation reflecting they were researched by management.

Collections

- 4. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5). – **No exceptions.**
- 5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e. 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:
 - a) Employees that are responsible for cash collections do not share cash drawers/registers. – **No exceptions.**
 - b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit. – **No exceptions.**
 - c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit. – **No exceptions.**

- d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation. – **No exceptions.**
- 6. Inquire of management that all employees who have access to cash are covered by a bond or insurance policy for theft. – **No exceptions.**
- 7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under “Bank Reconciliations” above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:
 - a) Observe that receipts are sequentially pre-numbered. – **No exceptions.**
 - b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip. – **No exceptions.**
 - c) Trace the deposit slip total to the actual deposit per the bank statement. – **No exceptions.**
 - d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100). – **No exceptions.**
 - e) Trace the actual deposit per the bank statement to the general ledger. – **No exceptions.**

Non-Payroll Disbursements (excluding card purchases/payments, travel reimbursements, and petty cash purchases)

- 8. Obtain a listing of locations that process payments for the fiscal period and management’s representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5). – **No exceptions.**
- 9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:
 - a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase. – **No exceptions.**
 - b) At least two employees are involved in processing and approving payments to vendors. – **No exceptions.**
 - c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files. – **No exceptions.**
 - d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments. – **No exceptions.**

10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:
 - a) Observe that the disbursement matched the related original invoice/billing statement. – **No exceptions.**
 - b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable. – **No exceptions.**

Credit Cards/Debit Cards/Fuel Cards/P-Cards

11. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete. – **No exceptions.**
12. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:
 - a) Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exceptions. reports for excessive fuel card usage) was reviewed and approved, in writing, by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]] – **No exceptions.**
 - b) Observe that finance charges and late fees were not assessed on the selected statements. – **No exceptions.**
13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). – **No exceptions.**

Contracts

14. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:
 - a) Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law. – **No exceptions.**

- b) Observe that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter). – **No exceptions.**
- c) If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment. – **No exceptions.**
- d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract. – **No exceptions.**

Payroll and Personnel

- 15. Obtain a listing of employees/elected officials employed during the fiscal period and management’s representation that the listing is complete. Randomly select 5 employees/officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files. – **No exceptions.**
- 16. Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under #15 above, obtain attendance records and leave documentation for the pay period, and:
 - a) Observe that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.) – **No exceptions.**
 - b) Observe that supervisors approved the attendance and leave of the selected employees/officials. – **No exceptions.**
 - c) Observe that any leave accrued or taken during the pay period is reflected in the entity’s cumulative leave records. – **No exceptions.**
- 17. Obtain a listing of those employees/officials that received termination payments during the fiscal period and management’s representation that the list is complete. Randomly select two employees/officials, obtain related documentation of the hours and pay rates used in management’s termination payment calculations, agree the hours to the employee/officials’ cumulative leave records, and agree the pay rates to the employee/officials’ authorized pay rates in the employee/officials’ personnel files. – **No exceptions.**
- 18. Obtain management’s representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers’ compensation premiums have been paid, and associated forms have been filed, by required deadlines. – **No exceptions.**

Management's Response/Corrective Action to Exceptions

The City's responses to the exceptions identified in our performance of the SAUPs are attached. The City's responses were not subjected to any procedures applied in the SAUPs and, accordingly, we express no opinion or any assurance on them.

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
June 24, 2019

City of WALKER

LOUISIANA
City Living Country Charm

MAYOR
Jimmy Watson

CHIEF OF
OPERATIONS
Jamie Etheridge

CITY ATTORNEY
Robert King

CITY CLERK
Myra Streeter

MAYOR PRO TEM
Scarlett Milton Major

COUNCILMEN
David Clark
Eric Cook
Gary Griffin
Richard Wales

June 24, 2019

Hannis T. Bourgeois, LLP, CPAs
178 Del Orleans Avenue, Suite C
Denham Springs, Louisiana 70726

City of Walker
Management's Response to 2018 AUP Exceptions

The City hereby agrees to refine current procedures or implement written procedures regarding the below noted AUP exceptions:

Bank Reconciliations

3. 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:
 - 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.

EXCEPTION - HTB noted outstanding items older than 12 months that had no documentation reflecting they were researched by management.

Management's Response/Corrective Action - The City's management will provide documentation reflecting that we have researched and worked to clear up outstanding items that are over 12 months going forward.

Signature: _____

Signature: _____

Title: Mayor

Title: Finance Director